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1.0 GENERAL INFORMATION

1.1 Background: In compliance with The Energy Policy Act of 1992 (P.L. 102-486) and Executive Order 12902, the Air Force seeks to implement all proposals that have a 10 year or less payback as mandated by Title 10 USC 2865 by entering into an Energy Savings Performance (ESP) contract with a reputable Energy Services Company (ESCO) to finance, design, implement, monitor and maintain various energy conservation measures (ECMs). This Statement of Work, as part of an ESP contract, will provide the contract vehicle for implementing energy conservation measures (ECMs) that contribute to achieving mandated reductions in energy consumption. The ESP contractual arrangement is accomplished within the parameters of other federal contracting actions as authorized by Title 10 USC 2301, supplemented by Title 42 USC 8287 which specifically authorizes long-term contracts for energy conserving ESP initiatives. The ESP legislation requires the ESCO to finance ECMs and receive payment from the savings reflected in lower utility costs, avoided maintenance and other ancillary savings. Financing of ECMs installed at installations within **Region 4** shall be accomplished by the ESP contractor; however, any and all cash incentive payments, Institutional Conservation Program (ICP) grants or other subsidies received by the ESCO as a result of implementing the ECMs at installations within **Region 4** shall be credited to the ECM implementation costs prior to determining any payments to be made by the Government.

1.2 Contract Term: The term of this contract is for a period of 25 years.

1.3 Contracting Officer's Representative: The Contracting Officer's Representative (COR) shall be responsible for technical management, inspection and oversight, and coordinating the ESCO's interface in the selected facilities. This designation in no way authorizes anyone other than the Contracting Officer to commit the Government to changes in the terms of this contract. The Contracting Officer's Representative will be identified on individual task orders.

1.4 Contractor Employees: Within 15 days after award, the ESCO shall provide to the Contracting Officer the name(s), address(es), and telephone number(s) of contractor personnel to be contacted in case of emergency, and shall thereafter maintain this information current and up-to-date during the term of this contract. The designated points of contact shall be available 24 hours per day, 7 days per week, for the duration of the task order.

In accordance with the "Superintendence By Contractor" clause of Section I, the Contractor shall designate the responsible supervisory person or persons authorized to act for the Contractor.

The Contractor shall furnish sufficient personnel to perform all work specified within the contract task order for implementing approved ECMs. All personnel shall be competent and well-qualified to perform required work. Contractor employees shall conduct themselves in a proper, efficient, courteous and professional manner and shall wear attire which is as neat and clean as practical for the assigned task. All ESCO or subcontractor employees working under this contract shall be identified by a distinctive uniform or a badge, name plate, emblem, or patch that identifies both the employer and the employee. Employee identification shall be attached in a prominent place above the waist on an outer garment.

The ESCO shall remove from the site any individual whose continued employment is deemed by the Contracting Officer to be contrary to the public interest or inconsistent with the best interests of national security.

No contract employee will be admitted to the work site unless the employee or employer furnishes satisfactory proof of United States citizenship, or, if an alien, residence within the United States is legal and the individual holds a valid work permit (green card).

Work may be required in restricted access areas. Such "Restricted Areas" will be identified by the Government in the tasking letter and/or the contract task order. Contractor personnel shall not enter restricted areas without the appropriate entry pass or a Government escort. **(NOTE: If Facility or personal clearance is required, insert as appropriate either here or in Section H, as required.)**

1.5 Access To Buildings: It shall be the ESCO's responsibility, through the COR, to obtain access to buildings and facilities and arrange for them to be opened and closed.

Keys may be issued to the ESCO; however, it shall be the ESCO's responsibility to arrange for adequate security of the buildings and facilities at the end of each work day.

The ESCO shall be responsible for the cost of replacing any keys that are lost by its employees or for the rekeying of all locks that fit the lost key. This may include multiple locks in a single facility or multiple locks in multiple facilities. The Contracting Officer will instruct the ESCO whether to replace the lost key, replace the lock, or to rekey the entire system as appropriate. The ESCO shall bear all costs to replace the key or lock, or to rekey the entire system. Similarly, the ESCO shall pay the cost of changing a combination if the Contracting Officer has reasonable cause to believe the combination has been compromised.

Subject to the availability of COR personnel and approval of the Contracting Officer, the contractor may schedule work after 4:00 PM Monday - Friday as to avoid conflicts with regularly scheduled Government activities.

1.5.1 Contractor Facility and Storage Area: Unless specifically authorized by contract task order, the Government will not provide on-site accommodations for a contractor office or storage area. When such areas are authorized by a task order, the contractor shall maintain them in compliance with part 2.3.2.8 of this section.

2.0 **SCOPE:** This effort will involve "turnkey" retrofit services which, in addition to financing, will include energy conservation audits, ECM designs, energy efficient equipment installation, and operations and maintenance services for most ECMs on a shared cost basis. The ESCO shall provide an estimated or projected savings for each proposed energy conservation measure which the Government chooses to implement. The Government will make monthly payments to the ESCO following ECM implementation in an amount consistent with Section H, Special Contract Provisions. This effort is a three phased program that consists of: (a) Phase I - Preliminary Site Survey; (b) Phase II - Facility Energy Audit and Economic Analysis; (c) Phase III - ECM Implementation (design, engineering, equipment procurement, financing and installation)

and Operations/Maintenance of the ECMs. Phase I and Phase II may be directed by letter and the work shall not be separately priced. A contract task order shall be issued to acquire Phase III work. This contract will provide the means for Air Force installations located in (Virginia, West Virginia, South Carolina, North Carolina, Washington D.C., Maryland, Delaware, Pennsylvania, New York, Connecticut, New Jersey, Rhode Island, Maine, Massachusetts, New Hampshire, and Vermont) to issue individual task orders (**DD Form 1155 or SF 1449**). Prior to issuing a contract task order for any facility, or group of facilities, the ESCO shall have completed Phase II actions on subject facilities.

The scope of this contract includes energy savings measures, including, but not restricted to electrical, gas, steam, water and coal which may be accomplished at Air Force installations/activities located within **Region 4**, and in any facility or building for which these installations pay the utility bill. Energy conservation measures or efficiency improvements for energy consuming systems as well as infrastructure may be proposed by the ESCO for Government consideration and approval/disapproval. The Government will only consider proposals that have a 10 year or less simple payback as mandated by Title 10 USC 2865. It is not envisioned that energy system retrofits, facility construction, or energy system renovations or replacements, acquired through standard procurement procedures, using Congressionally appropriated funds, will be accomplished under this contract.

The selected ESCO may be required to perform energy efficiency improvements in military family housing and all other basewide facilities. The scope of this contract provides for the ESCO to perform a full range of energy services including, but are not limited to the following:

- A. Technical and price proposals detailing comprehensive energy services for reduction of energy consumption or demand at a particular facility. Energy cost reductions may be obtained by either BTU reductions and/or dollar reductions, thus fuel conversions and demand reductions will be evaluated by the ESCO. Energy audits will be required to be performed by the contractor.
- B. Design, acquisition, and installation of new equipment or modifications to existing equipment to improve the energy efficiency or reduce energy cost.
- C. Operation, monitoring, maintenance and repair services, and training of Government personnel in use of new and/or modified equipment the ESCO has installed or modified.

The scope of this contract includes energy cost saving measures approved for implementation by the installation Civil Engineer and will be accomplished by a privately financed ESPC on installations in **Region 4** using private/non-governmental financing as authorized by Title 42 USC 8287 and Title 10 USC 2865, Energy Savings Performance

Contracting, for the duration of this contract. The ESCO shall furnish all labor, tools, equipment, and material necessary to identify potential energy efficiency improvements and to implement

those approved for implementation. As an IDIQ contract there is no guarantee of future work under this contract. ESPC services available through contracts awarded by other federal agencies may be used in lieu of this contract as may Utility sponsored Demand Side Management (DSM) agreements with local utility service providers. However, proposals resulting from Phase II work remain the property of the ESCO and shall not be used to solicit competitive proposals from other ESPC or DSM providers.

Some work may be required in restricted access areas. Such "Restricted Areas" will be identified by the Government in the tasking letter and/or the contract task order. Contractor personnel shall not enter restricted areas without the appropriate entry pass or a Government escort.

2.1 Phase I - Preliminary Site Survey: The Contracting Officer will provide the ESCO a prioritized listing of facilities to be evaluated for energy conservation opportunities. The Preliminary Site Survey will consist of identifying ECMs that, if implemented, will result in reduced energy consumption and costs for the installation. If requested by the ESCO, the Government will provide the following information, if available, for each facility being evaluated: facility use/function (i.e., administrative, warehouse, hangar, etc.), occupancy information, and descriptions of any recent changes in the heating, cooling, lighting, or other energy systems. If the contractor desires to conduct a physical site survey of any facility, prior arrangements shall be made with the COR. The ESCO shall evaluate the targeted facilities to determine if there is an opportunity to develop a "paid-from-savings" ECM and provide a brief summary report containing recommendations for each facility or group of facilities. Only those ECMs with a payback of ten (10) years or less will be considered for implementation. Based on the results of the preliminary survey, the ESCO shall prepare an estimate of the potential energy (e.g., BTU, Kwh, Kw, etc.) and cost (dollars) savings the Government could expect by implementing the recommended ECMs. If the Government and the ESCO mutually agree that Phase I work is unnecessary, the Government may direct the ESCO to proceed directly to Phase II.

2.1.1 Phase I Report: As required by Paragraph 2.1 above, the ESCO shall include recommended ECPs in the Phase I summary report. For each ECP recommended for a Phase II analysis, the report shall include an estimate of the savings that will be generated and the estimated implementation costs. Additionally, the report shall also provide an estimated net benefit to the Government which shall be equal to the estimated savings minus any costs or fees the ESCO intends to recover (i.e. debt service and maintenance, monitoring, measurement and verifications (M&V) fees, etc.). The estimated net benefit will be adjusted for recommended ECPs the Government chooses not to pursue.

2.1.2 Phase I Summary: The purpose of the preliminary site survey is to determine, quickly, in general terms, and with little cost to the ESCO, if a particular facility is a viable candidate for installation of one or more ECMs. The recommendations will provide the basis for the Government decision to proceed to Phase II and although brief, the summary report must support the recommendations.

2.1.3 Government Response to Phase I: The Government will, within reason, permit the ESCO to proceed with Phase II - Facility Energy Audits and Economic Analysis in those facilities with a

favorable ESCO recommendation resulting from the Phase I survey; however, the ESCO shall not proceed to Phase II unless, and until, directed to do so by the Contracting Officer. The Government will notify the ESCO of which ECPs to complete a Phase II - Facility Energy Audit and Economic Analysis and when to proceed with Phase II work. The Government will also advise the ESCO of any recommended ECPs in the Phase I report which the Government does not plan to implement.

2.2 Phase II - Facility Energy Audit and Economic Analysis: The Contracting Officer will issue a letter to the ESCO to include a prioritized listing of facilities in which the ESCO is to perform a Phase II - Facility Energy Audit and Economic Analysis. Upon receipt of notification to proceed into Phase II, the ESCO shall commence an energy audit and life-cycle-cost economic analysis for each approved ECP. The analysis shall specifically identify (with detailed specifications and drawings) the energy conserving/efficient equipment and other improvements to be provided. There will be no separate cost to the Government for Phase II work.

2.2.1 Phase II Taskings: In completing the Phase II - Facility Energy Audit and Economic Analysis the contractor shall:

- a. audit the existing mechanical, electrical, and control systems and the envelope of each facility;
- b. conduct an in-depth interview with the installation energy manager, engineers, maintenance, and operating personnel to assess the operating characteristics of existing energy systems and goals for system improvements;
- c. review Air Force plans for other non energy related capital improvements and renovations for inclusion in this analysis;
- d. structure terms for Government payment to ensure the Government receives the optimum benefit of any grants or utility incentive payments to reduce the ECM implementation costs; and,
- e. If, after evaluating all viable ECP opportunities, the ESCO determines none would meet minimum payback criteria, the ESCO shall immediately stop work on the Phase II audit or economic analysis for that facility, and notify the Contracting Officer. Upon verification by Government engineers, the Contracting Officer will instruct the contractor to discontinue the Phase II - Facility Energy Audit and Economic Analysis for the affected facilities with no further liability or obligations by either party.

2.2.2 Access to Facility Data: In completing a Phase II initiative, the contractor will, upon request, have access to all available data concerning: utility records; operating logs, occupancy information; description of any changes in the production process in the building or its heating, cooling, lighting or other energy requirements; descriptions of all major energy consuming or savings equipment in use, and a description of energy management procedures presently utilized. The ESCO shall consider this information when establishing the energy consumption baseline.

2.2.3 Phase II Report: Upon completion of Phase II - Facility Energy Audit and Economic Analysis, the ESCO shall provide the Government with an audit report identifying each proposed ECP. The report shall include the following data for each ECP evaluated during Phase II: implementation costs; projected savings; a Saving to Investment Ratio (SIR) analysis; a detailed description of the post implementation services to be provided by ESCO. The data for each ECP shall be summed and presented as a total for the proposed ECM (task order) along with a financing proposal and payment schedule for the total ECM. The projected savings shall be accompanied by a net present value (NPV) analysis using discount rates taken from the then current edition of the Energy Prices and Discount Factors for Life-Cycle-Cost Analysis which is published as the annual supplement to the National Institute of Standards and Technology (NIST) Handbook 135. NOTE: All ESCO evaluated ECMs shall be addressed in the Phase II report, even if the ESCO is not recommending their implementation.

2.2.4 Report Format: The Government will consider the Phase II - Facility Energy Audit and Economic Analysis report as a proposal to accomplish the Phase III - ECM Implementation. To permit an accurate assessment of the proposal the contractor shall include the following exhibits for each ECM proposed:

EXHIBIT A - Synopsis of Proposed ECM and Technical Proposal: The introductory portion of this exhibit shall include a synopsis of the proposed ECM in sufficient detail to clearly demonstrate the proposed work and the resulting energy savings along with any impact on personnel comfort or productivity. This exhibit shall also provide a detailed technical proposal to include a summary analysis of all energy conserving or efficiency improvements that were evaluated, a statement of work to accomplish the recommended retrofits, equipment replacements or infrastructure improvements, a listing of proposed equipment, specifications of the equipment to be installed, preliminary site layout drawings, the proposed implementation schedule, a Project Management and Operations (M&O) Plan, and notification and request for a frequency assignment for contractor transceiver systems. If the ESCO intends to secure third party financing for any portion of the proposed Phase III work, the proposed financing agreement and any assignments shall be included in this Exhibit for Government review and approval. For purposes of determining the Government's termination liabilities pursuant to Exhibit K, a monthly recap of the outstanding loan principal will be provided. Such schedule shall project the sum total of all incentives to be received over the life of the ECM and the effect of such incentives upon the reduction of the ECM's principal investment. The M&O Plan and the Maintenance Plan shall include, as a minimum:

- The methods the contractor proposes to ensure the system reliability.
- The names and addresses of all companies the contractor proposes to have perform subcontract work during the Phase III - Implementation and Operation/Maintenance phase. This exhibit shall identify whether the subcontractor was previously approved or disapproved, by the contracting officer, for work under this contract, or is being submitted for first time approval. All subcontractors are subject to the approval of the contracting officer of the ordering installation.

EXHIBIT B - Calculations of Savings and Measurement and Verification Plan: This exhibit shall clearly and concisely identify projected energy savings in units of energy (e.g., Btu, kwh, kw, etc.) and the dollar amount of such energy savings. The total estimated savings shall clearly delineate between each category of savings i.e., energy and demand or water, avoided maintenance, and capital renewal savings (avoided maintenance and capital renewal savings are: (a) projects the base is committed to funding during the time of the proposed task order, and (b) service contracts as defined in Section B, paragraph 1.0). In addition to the ESCO's estimated savings, this Exhibit shall contain an amount the ESCO will guarantee in savings. This exhibit includes the projected sum total of all incentives (rebates, grants, etc.) to be received over the life of the ECM and the effect of such incentives upon the reduction of the contractor's investment. The ESCO will demonstrate by a Measurement and Verification (M&V) Plan how guaranteed savings will be validated.

EXHIBIT C - ESCO Compensation Format: This Exhibit details the amount and schedule of Government payments over the life of the task order. Using the Guaranteed Savings information from Exhibit B and the format shown in Figure C-1, this exhibit shall provide a proposed compensation schedule for each ECP/ECM. The ESCO may propose different guaranteed savings amounts and/or different sharing arrangements for each year of the task order. The ESCO has the option, unless otherwise specified by the government, to receive up to 100 percent of the guaranteed savings as payment for each ECM and/or combination of ECPs that make up an ECM. Based on the Guaranteed Savings amount, taken from Exhibit B, the Government will make monthly payments to the ESCO, as set forth in Section H. Contractor payments will begin the month following the first full calendar month after acceptance of the completed energy conservation measure by the Government. Figure C-1 shall include, as an attachment, a complete breakdown of all costs proposed for the ECM. The Contractor shall complete Figure C-1, and the accompanying cost breakdown, for each building included in the proposal. The breakdown shall include, as a minimum, a breakdown of labor rates by base rate and applicable indirect expenses(i.e., heating or cooling savings associated with lighting retrofits), and a list of materials and equipment with associated unit cost or price, quantity and extended cost/price. Breakdowns shall be provided by ECP, and shall be clearly traceable to ECP totals for each column. This exhibit shall also outline the proposed payments for maintenance services to be performed by the ESCO and any other payments that the parties may agree to include in the invoices of the monthly payments. The ESCO agrees to apply all monies received from rebates or grants to the Government's debt service on this contract. (The government will not be responsible for any agreement (i.e., leases, subcontracting agreement, etc.) made outside of the authority of this contract.)

EXHIBIT D - Buildings: This exhibit shall clearly identify each facility/building included in the report. Buildings shall be identified by: Building Number, Principle Function (Engineering, Amendment 01 Supply, etc.), and Street Address.

EXHIBIT E - Baseline Data: This exhibit shall document the historical energy use of the building(s). The ESCO shall document how the baseline was developed. The data herein will be used for monthly calculations of Energy Dollar Savings as specified in Exhibit B.

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EXHIBIT F - ESCO Post-Implementation Responsibilities: This exhibit shall outline the post-implementation actions the ESCO proposes to perform. The specific services to be performed by ESCO personnel shall include, but not be limited to, the following:

- Maintenance of ESCO-installed/owned equipment and systems as negotiated in each contract task order. This exhibit shall include a proposed schedule and cost for ESCO performed maintenance. In addition to the proposed maintenance schedule, this exhibit shall include the equipment manufacturer's recommended maintenance schedule for each energy system included in the proposed ECM;
- Measurement and Verification (M&V) services, in accordance with the negotiated M&V Plan as submitted in Exhibit B.
- Calculation of savings on a monthly basis and provide for an annual reconciliation of savings guaranteed by the ESCO and monthly payments made by the Government, and received by the ESCO during the previous twelve (12) months.
- Regular discussions with the COR or Base Energy Manager on optimizing energy savings from installed ECMs and other potential conservation opportunities and regular review of operating data recorded by the building automation system to assure proper equipment operation;
- Providing required periodic reports and analyses to the Government and attending meetings dealing with performance under this contract.
- Single point of contact (POC) for 24 hours a day service calls.

EXHIBIT G - Government Post-Implementation Responsibilities: This exhibit shall set forth those responsibilities the ESCO proposes the Government assume following ECM implementation. This shall include all actions expected of Government personnel to maintain and operate ESCO installed ECMs. Compliance with this exhibit, unless and to the extent it is altered during contract task order negotiations, shall relieve the Government of all liabilities in the event of system failure or if an ECM fails to achieve the estimated savings offered by the ESCO. Those items listed in this exhibit shall include any manufacturers recommendations and standard operating practice.

EXHIBIT H - Standards of Service: This exhibit shall clearly detail the impact of implementing each proposed ECP and the ECM as a whole. For example, what lighting level increases or decreases will occur with a proposed lighting retrofit. Lighting levels, heating, and cooling temperatures shall comply with the standards established by the latest edition of Code of Federal

Regulations (41 C.F.R. Chapter 101), or local installation standards that implement 41 C.F.R. Chapter 101. Local standards will take precedence.

EXHIBIT I - Final Performance Tests: This exhibit shall outline performance testing procedures that are proposed for the Government acceptance testing, and shall identify who will conduct the testing. Each system to be tested will be identified with a cross-reference to the standard of performance the contractor proposes in EXHIBIT H.

EXHIBIT J - Equipment Availability and ECM Implementation Schedule: This exhibit shall clearly identify, by manufacturer and model number, what equipment is being proposed and the current availability of the equipment. The proposed installation schedule included in this exhibit must comply with the times the Government will make the facility available for the contractor to install each piece of equipment. Equipment that is accepted by the Government under this exhibit and under EXHIBIT A shall be considered approved by the Contracting Officer, no further request for approval is necessary. However, should the ESCO choose to install a make or model of equipment other than what is approved for EXHIBIT A or J, prior approval of the Contracting Officer is required. When requesting such approval, sufficient information regarding make and model, size, energy use, etc. shall be provided for Government engineering reviews.

EXHIBIT K - Termination or Buyout Costs: This exhibit shall include a proposed termination or buyout schedule for each contract task order being proposed should the Government choose to exercise this option at a future date. These costs shall represent the remaining balance of the Government payments to the ESCO shown by declining balance. For purposes of determining the Government's termination liabilities pursuant to Exhibit K, a monthly recap of the projected outstanding loan principal will be provided. In the event contract task orders are issued and ECMs installed, the Government will become liable for the following termination/buyout costs for such Task Orders:

a. An amount representing the unamortized principal of any ESCO or third party financing, plus any loan prepayment penalties. The dollar amount of such prepayment penalties shall be declared in this exhibit.

b. An amount payable to ESCO to reimburse payment of any incentives paid to the ESCO for the ECMs and any penalties imposed upon ESCO; alternately, the Government could assume ESCO's responsibilities and hold the ESCO harmless for any resulting claims. This exhibit shall be reaccomplished to reflect changes resulting from negotiations after submittal of the Phase II report.

NOTE: This is an Indefinite Delivery Indefinite Quantity (IDIQ) contract and as such there are no guarantees the Government will issue contract task orders in any amount at any time beyond the guaranteed minimum which will be awarded concurrent with contract award; however, it is the intent of the Government to take advantage of this contract to accomplish energy conservation and infrastructure modernization work, which may result in the issuance of contract task orders.

BLDG #	E C P #	YEAR	ECP ANNUAL COST	ANNUAL GUARANTEED SAVINGS AMOUNT (GSA)	ESCO's ANNUAL SHARE OF GSA (percentage %)	ESCO's ANNUAL SHARE OF GSA (dollars \$)	GOV'T ANNUAL SHARE OF GSA (percentage %)
	1	1					
	1	2					
	1	3					
	1	4					
	1	5					
	1	6					
	1	7					
	1	8					
	1	9					
	1	10					
ECP #1 TOTAL							
	2	1					
	2	2					
	2	3					
	2	4					
	2	5					
	2	6					
	2	7					
	2	8					
	2	9					
	2	10					
ECP #2 TOTAL							
Bldg TOTAL							
BLDG #	1	1					
	1	2					
	1	3					
	1	4					
	1	5					
	1	6					
	1	7					
	1	8					
	1	9					
	1	10					
ECP TOTAL							
	2	1					
	2	2					
	2	3					
Bldg TOTAL							
ECM Total							

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Figure C-1

EXHIBIT L - Pre-Existing Equipment Inventory: This exhibit shall identify the current equipment to be replaced by the proposed ECM described in EXHIBIT A. Any addition or deletion of said equipment during the performance period/term of the contract task order will be compared to this list to determine the impact on the net energy consumption in the facility/buildings and its effect on the savings related to the overall task order.

EXHIBIT M - Subcontracting Plan: This exhibit shall set forth the ESCO's plan for subcontracting work on the proposed ECM. Each proposal and resulting contract task order will be evaluated and monitored for compliance with the subcontracting plan goals. The goals established in the subcontracting plan shall be applicable to each task order when practical. When the contractor considers subcontracting to be not practical for a given ECM, the rationale shall be fully explained in this exhibit and included in the proposal package upon submission to the contracting officer. (Reference FAR clause 52.219-9 and L-1003b of the RFP).

EXHIBIT N - ECPs Evaluated - Not Recommended for Implementation: This exhibit shall provide a full explanation of all ECPs that were considered during Phase II, but not recommended for implementation.

NOTE: Because of the unique provisions of this contract that require the ESCO to identify, design, and implement energy conservation actions based largely on an economic analysis considering energy savings and ECM cost, it is absolutely essential that all ESCO/contractor proposals provide very detailed explanations of the energy baselining methodology and clear details on appropriate savings verification/validation (annual reconciliation) procedures.

2.2.5. Government Response to Phase II Report: Upon receipt of the Phase II - Facility Energy Audit and Economic Analysis Report, the Government will review the proposal for accuracy and potential benefits to decide if the ESCO will be allowed to proceed to Phase III - ECM Implementation. If the Government determines that a proposed ECM: 1) does not meet the Minimum Economic Criteria; 2) materially differs from the terms or conditions set forth in this work statement; or 3) is materially deficient, the report will be returned to the ESCO with written notification describing the differences or deficiencies. The ESCO shall correct the differences or deficiencies and submit a corrected report within thirty (30) days of receipt of said notification. This resubmission process may continue until a contract task order for Phase III work is issued, or the three-phased process is discontinued as provided herein. Conversely, the Government may award a contract task order after review of the Phase II report without further discussions or negotiations.

2.2.5.1. Rejection of Phase II Report Recommendations: The Government may choose not to proceed to Phase III - ECM Implementation for any, or all, of the proposed ECP(s) with no liability or obligations. Examples (this is not an all encompassing list) of why the Government may choose not to proceed to Phase III include:

a. The Government and the ESCO/contractor cannot reach agreement on an energy consumption baseline and a M&V method for validating savings; or

b. The proposed economic payback for the total ECM being proposed does not meet the 10 year payback criteria required on federal energy projects; or

c. The proposed ECP/M is not reasonably practical and workable for the installation; the Government determines the ECP/M could be detrimental to the national defense mission or quality of life of the installation; or, if ECM implementation costs cannot be paid from savings generated by the ECM; or

d. The status of the facility, or facilities, is such that it is not in the best interest of the Government to incur the investment liabilities for energy improvements. For example, the facility is scheduled for demolition or has a renovation or upgrade project that has been approved using appropriated funds.

2.3. Phase III - ECM Implementation and Operations/Maintenance: Whereas Phase I and Phase II work may be directed by letter, Phase III - ECM Implementation shall only commence upon the issuance of a contract task order by the Contracting Officer. Each task order will contain a detailed statement of work for proposed ECMs; however, the task order does not amend, modify or change any of the requirements of this statement of work or basic contract. In case of conflict between the terms of the task order and the basic contract, the terms of the contract shall control.

2.3.1. Contract Task Order: Each contract task order shall establish the specific terms and conditions for the ECM to be implemented, and the schedule for completing the implementation. The Government may, at its option accept the contractor's Phase II report without conducting further negotiations in which case the exhibits attached thereto shall be the accepted terms of the task order. If the Phase II report is amended or modified by negotiations, those amendments or modifications will be included in the task order and become the accepted terms and conditions for that single task order. Typically, the task order will contain the following exhibits:

- EXHIBIT A - Synopsis of Proposed ECM
- EXHIBIT B - Calculation of Savings
- EXHIBIT C - ESCO Compensation Format
- EXHIBIT D - Buildings
- EXHIBIT E - Baseline Data
- EXHIBIT F - ESCO Post-Implementation Responsibilities
- EXHIBIT G - Government Post -Implementation Responsibilities
- EXHIBIT H - Standards of Service
- EXHIBIT I - Final Performance Tests
- EXHIBIT J - Equipment Availability and ECM Implementation Schedule
- EXHIBIT K - Termination or Buyout Costs
- EXHIBIT L - Pre-Existing Equipment Inventory
- EXHIBIT M - Subcontracting Plan
- EXHIBIT N - ECPs Evaluated - Not Recommended for Implementation

Upon receiving a contract task order, the ESCO shall design, construct, purchase and install the equipment, and complete the ECM as specified in Exhibit A of the Phase II report, or as negotiated in the task order.

2.3.1.1. Infrastructure Conditions:

The government is not aware of every location of polychlorinated biphenyl (PCB) containing equipment, or every location of asbestos or other hazardous substance, as defined in applicable federal, state, or local laws, in any facility.

a. Known areas/facilities containing hazardous substances are identified in the installation Hazardous Waste Management Plan. The Contractor shall be responsible for the removal and disposal of hazardous substances if implementation of the ECM disturbs the hazardous substances in any areas/facilities known and identified to contain such substances, at its own expense, in accordance with paragraphs A-E below.

b. If the contractor discovers hazardous substances not previously identified after performance begins, the contractor shall immediately suspend that portion of work and notify the Contracting Officer. Under such circumstances the Government reserves the right to:

(1) remove and dispose of all hazardous substances, or

(2) negotiate with the ESCO for the removal and disposal under this contract and make adjustments to guaranteed savings and payment schedule as necessary.

The Government will make its best efforts to ensure that its identification, removal, and disposal responsibilities shall be performed in a manner so as to not unreasonably interfere with the performance of the contract.

A. This project may require the removal and disposal of asbestos-contaminated materials (ACM).

B. ACM Removal: ACM identification and removal, when required above, is federally regulated and requires special handling and disposal procedures. The Contractor will provide and coordinate asbestos removal in accordance with all current federal, state, and local regulations. If the Contractor suspects the presence of any ACM not identified as such by this contract, but is required to be disturbed to perform the contract work, inform the Contracting Officer at once. The Contracting Officer will then determine whether removal of the questionable material is required.

C. Coordination and Scheduling: Perform the contract work as required to minimize facility downtime. Notify the Contracting Officer prior to cutting, drilling, or otherwise disturbing any suspect ACM. The Contractor will provide assistance as required.

D. Liability: The Contractor shall be liable to the government for all costs incurred to clean up, handle, remove, and dispose of any ACM resulting from the Contractor's actions that do

not comply with the requirements of this contract. The Contractor shall be liable for any and all damages incurred by the Government due to Contractor negligence or failure to comply with any federal or state regulations or with any contract terms.

E. If the Contractor observes soil discoloration and/or odor or any other anomaly, they shall stop work and contact the Contracting Officer immediately.

F. The ESCO shall be responsible for the removal, but not disposal, of all hazardous substances encountered in the ECM that do not require special handling. Examples of hazardous substances that may be encountered are, but not limited to, ballasts, lamps, and fixtures. All hazardous substances removed by the ESCO that do not require special handling shall be accounted for by the ESCO and placed in a location designated by the Government in the vicinity of the job site.

2.3.2. Phase III - ECM Implementation Performance Period: Each contract task order shall establish a date when all ECM implementation work will be completed, and unless modified by the Contracting Officer, will be the date the Government expects energy (Btu and energy costs) and other savings to begin accruing to the task order.

2.3.2.1. Inspection and Acceptance: All work will be subject to inspection by Government personnel as provided in Section E. Day-to-day inspections will be accomplished by an assigned Government inspector. Final testing and acceptance may be accomplished by a team of inspectors. The ESCO shall use its best efforts to ensure completion of each contract task order, on or before, the date specified. At the appointed time for final acceptance of a task order, the ESCO, subcontractor, or equipment installer shall fully demonstrate to the final inspection team that all retrofits and equipment are in proper working order and functioning as designed.

2.3.2.2. Work Schedule: The ESCO or qualified subcontractors will design and perform all Phase III - ECM Implementations. At least 14 days prior to starting the actual demolition or installation of equipment, the ESCO shall submit, for Contracting Officer approval, a proposed progress/work flow schedule for completing the entire ECM and a proposed daily work schedule. The proposed progress schedule shall be completed in accordance with Section I, Contract Clause, Clause 52.236-15, entitled "Schedules for Construction Contracts", and provides that once construction begins, work shall continue with a logical work flow to ensure completion in minimal time. Also, the ESCO shall submit, for approval, a daily work hour schedule that provides for minimal disruption of Government operations, which may require ESCO or subcontractor work at night, weekends, or holidays. Work will not be phased or fragmented so as to permit hazards of any kind in the work areas of Government personnel, nor will work normally be scheduled so that heating or air conditioning systems are not available during normal heating and cooling seasons. No work will commence until the work schedule has been approved.

2.3.2.3. Work Clearance (Construction/Digging/Welding Permits): It is possible that implementation of some ECMs will require digging, trenching, or excavation work. No digging, trenching, excavation, or other site preparation work will be accomplished until applicable Civil Engineer Work Clearance Permits, AF Form 103, have been completed. Additionally, the ESCO

will coordinate all welding in advance with the COR and follow all base regulations regarding the operation of welding equipment and notification of the Base Fire Department. The installation Energy Management office will assist the contractor when necessary in securing these permits and coordinating with the fire department. The ESCO, as prime contractor, shall request all permits.

2.3.2.4. Equipment Measurements and Frequencies: All ECMs implemented by contract task order will have been previously proposed by the ESCO in the Phase II report; therefore, the ESCO shall verify the accuracy of all measurements and the visual condition of all equipment and adjoining infrastructure. Electronic transceiver systems must not interfere with local frequencies and shall not be activated prior to approval of the operating frequency by the installation frequency monitor.

2.3.2.5. Continued Use of Facilities: It is anticipated that all facilities will continue Government operations during ESCO retrofits or ECM work; therefore, the ESCO must schedule work so as to cause minimal disruption to the Government workforce. If necessary, the ESCO will schedule work at times other than normal or peak duty hours (i.e. nights and weekends). When working nights, weekends, and holidays, the installation team shall remove all construction debris, clean the area, and return all furniture that was moved to accommodate work crews, before the arrival of Government employees. Contract work crews will not be allowed to work when Government employees are present, if doing so would create a hazardous environment.

2.3.2.6. Disposal of Materials: All items removed from a facility under this contract, which retain no inherent monetary value, and are not designated for reuse by the Government, shall be considered as scrap. Scrap materials become the property of the ESCO and shall be removed from the site by the ESCO or subcontractor, at no additional expense to the Government (cost of disposal should be considered in the Phase II economic analysis or during Phase III negotiations) and disposed of off base and in such manner that meets all federal, state, and local environmental regulations. Government containers shall not be used for the disposal of ESCO scrap. The Government may, at its discretion, require certain equipment be delivered and turned in to the Government storage facility located on the installation for reuse at a later date. All refrigerants removed from equipment will be collected and turned over to the Government per local refrigerant management plans.

Notwithstanding the foregoing, title to hazardous substances shall remain with the Government. It shall be the responsibility of the Contractor, acting as a construction manager for the Government, to assist the Government in the proper removal of hazardous substances as outlined herein. The ESCO will have no responsibility for disposing of any hazardous substance. However, hazardous substances, such as PCB-containing ballasts, fluorescent lamps and any other hazardous substance, with the exception of asbestos or other special handling hazardous substances, will be removed, packaged, and labeled by the contractor and returned to the Government for disposal.

2.3.2.7. Contractor Provided Materials and Equipment: All ESCO provided materials and equipment that are installed under this contract shall be new. Used, rebuilt, or refurbished materials or equipment will not be allowed. All proposed materials and equipment shall be

identified in the Phase II report. Materials and equipment that are identified in the Phase II report will be considered approved by the Government unless determined otherwise during Phase II negotiations.

2.3.2.7.1. Codes and Standards: All contractor work shall conform to the requirements of this contract and to the appropriate Local, State and Federal/National code for technology/system being implemented. All work must conform to local installation facility standards. All products and equipment provided by the contractor shall be Underwriters Laboratory or Factory Mutual listed or equal. All codes and standards requirements shall be based on the latest edition of applicable Local, State, and Federal codes at the time of the award of each contract task order.

2.3.2.7.2. Facility and Equipment Disposition: The facilities, equipment, material, tools, software, licenses and other items used by the contractor, or that are required to operate and maintain the systems provided and installed under this contract as listed in each task order, shall become the property of the Government at the end of the task order term at no additional cost to the Government, unless otherwise stated in the contract task order.

2.3.2.7.3. Environmental Protection: The contractor shall perform all work in such a manner as to minimize the pollution of air, water, or soil, and to control noise and dust within reasonable limits in accordance with all applicable Federal, State, and Local codes and regulations.

2.3.2.7.4. References: The publications listed below form a part of this work statement and are to be followed in completing both Phase II and Phase III work.

<u>PUBLICATION NO.</u>	<u>DATE</u>	<u>TITLE</u>
AFIND 17	Jul 97	Index of Air Force Occupational Safety and Health (OSHA) Standards, and National Institute for Occupational Safety and Health (NIOSH) Publications
AFR 125-14		Motor Vehicle Traffic Supervision (to be replaced with AFI 31-204)
AFI 32-7042	May 94	Solid and Hazardous Waste Compliance
AFI 32-7045	Apr 94	Environmental Compliance Assessment and Management Program

AFI 64-106	Mar 94	Air Force Industrial Labor Relations Activities
AFI 91-301	Jun 96	Safety, Fire Protection, and Health (AFOSH) Program
DOD 5500.7-R	Mar 93	Joint Ethics Regulation
Public Law 97-214		Disposal of Recyclable Material (10 U.S.C. 2577)
Executive Order 12873	20 Oct 93	Federal Acquisition, Recycling & Waste Prevention
	28 Sep 93	Deputy Under Secretary of Defense (ES) Memorandum
	Jan 93	Chief of Staff of the Air Force/Secretary of the Air Force Action Memorandum, Air Force Pollution Prevention Program

2.3.2.7.5. Fire and Ambulance Jurisdiction: The installation shall have jurisdiction over and shall be principally responsible for fire prevention inspections and fire fighting at any on-base contractor facility. The contractor shall provide keys to the Fire Marshal for access into any on-base fenced area, building, or structure. The keys shall be labeled or permanently tagged for their respective locks and shall be replaced within one day if the lock is changed. The installation Fire Chief shall be the authority having jurisdiction in all fire prevention, fire protection, and fire fighting related matters. Ambulance service will be provided by the installation on a reimbursable basis.

2.3.2.8. Daily Cleanup: Contractor personnel shall at all times keep the premises, to include any and all designated storage areas, free from accumulations of waste materials, rubbish, or construction debris. At the completion of each workday, all cartons, waste materials, rubbish, construction debris, wrapping, etc., shall be removed from the work area.

2.3.2.9. Engineering Drawings: Upon completion of each system installation and prior to final acceptance, the contractor shall provide a complete set of record drawings to the Contracting Office. Drawings shall be submitted on computer disks using Computer Aided Design (CAD) and be of sufficient detail to accurately reflect the location of all ECM work. Drawings shall be submitted in a CAD software version and format designated by the COR. Plug-in replacements, such as lighting retrofits, energy-efficient motors, etc., will not require such drawings. Updates to Government provided drawings are acceptable as long as they reflect all changes that resulted from the ECM.

2.3.2.10. Warranties and Operating Manuals: Upon completion of each system installation and prior to final acceptance, the ESCO will provide to the Government any manufacturer's warranty for equipment, parts, or systems installed as part of the ECM for which the Government will assume maintenance responsibilities. Additionally, one original copy of the manufacturer's owners/operations manuals, one original copy of the manufacturer's maintenance manual that includes illustrated parts breakdown and a parts number listing for all system components shall be provided for such equipment or system before final acceptance by the Government. The ESCO will maintain and administer warranties relating to equipment, parts or systems that will be maintained by the ESCO or a subcontractor.

2.3.2.11. ESCO Provided Maintenance: For equipment that is maintained by the ESCO, there shall be a notice, on or near each piece of equipment, that directs Government and/or other contractor personnel not to perform repair work on the equipment, but to contact the COR. It shall provide the name and phone number of the person to contact for repairs. The information on these maintenance tags shall be current at all times.

2.3.2.12. Interruption of Utility Services: Neither the ESCO, nor any subcontractor, shall shut off any utility service to any facility without prior coordination and approval of the COR. Request for an interruption of utility service shall be made not less than five days in advance of planned interruption. The ESCO will coordinate all schedule utility outages with the COR in advance of scheduled outage. For those utility outages accomplished to accommodate the ESCO, it shall be the responsibility of the ESCO to ensure full service is returned to all affected facilities.

The Government will provide utility services for ESCO personnel use in base facilities. The Government may not be held responsible for interruptions of utility services and will not be liable for contractor delays, damages, or increased costs, occasioned by any such interruption of services.

2.3.2.13. Phase III - ECM Implementation Completion: Acceptance by the Government shall deem the completion of ECM implementation portion of the task order with immediate transition to Phase III - Operations/Maintenance portion of the work as outlined in the contract task order. Upon completion of Phase III - Implementation, the Government will commence monthly payments as outlined in the contract task order.

2.3.2.14. Acceptance Testing of ESCO Installed Equipment: The Government will verify equipment performance at time of final acceptance and as determined necessary by the Government.

2.3.2.15. Monthly Energy Savings: Each task order will contain an "Exhibit B" detailing how energy savings are calculated, as determined for each task order; i.e., computer modeling, metering or utility bill reconciliation. In the later case, each month, within ten days after receipt of the monthly utility bill, the ESCO shall present the COR a Statement of Energy Savings with calculations of energy savings that occurred during that billing cycle.

2.4. Phase III - Operations/Maintenance, Repairs, Monitoring, and Measurement and Verification (M&V). The ESCO responsibilities will be established in Exhibit F of each task order. Exhibit F of the Phase II report shall detail responsibilities of the ESCO during the contract period that remains after completion of Phase III - ECM Implementation and provide the monthly service charge for accomplishing those responsibilities. Phase III Operations/Maintenance work is subject to the Service Contract Act and these responsibilities begin immediately upon acceptance of the Phase III installation. Payment for Operations/Maintenance work will begin the month following acceptance of the Phase III - ECM Implementation installation by the Government, and continue until task order completion, unless an earlier completion date is agreed upon.

2.4.1 Ownership and Responsibility for Systems and Equipment:

a. Unless relieved of ownership responsibilities by the Government, the ESCO shall at all times during the term of the task order have full ownership responsibilities of the ESCO-furnished systems and equipment. The contractor may modify, replace, or change the systems and equipment during the term of the task order from that originally approved. However, any proposed modification, replacement, or change shall require notification and coordination with the COR and the approval of the Contracting Officer. Any such modification, replacement, or change of equipment shall be performed at no cost to the Government, unless prior approval is obtained. All equipment installed by the contractor at the installation is and remains the property of the contractor or the contractor financing party (e.g., a third party lessor) during the contract term (See Section H, Protection of Lien Holder Interest). The contractor shall submit the name of the proposed lessor who would take title to the ECMs and equipment in the contractor's behalf to the Contracting Officer for review and approval; such approval shall not be unreasonably withheld. Title to all systems and equipment, not earlier vested to the Government, shall vest in the Government upon completion of the task order.

b. The Government reserves the right to relieve the contractor of ownership and responsibility for energy savings for retrofit systems and equipment when it is in the best interest of the Government.

2.4.2. Maintenance Responsibilities: The ESCO shall perform maintenance responsibilities as outlined in the contract task order. Typically they will include all scheduled or preventative maintenance to maintain or enhance equipment efficiency as well as unscheduled maintenance or repair work. The ESCO or maintenance subcontractor shall establish and maintain a complete file of maintenance records for each ECM. Those records shall be available for Government inspection. The ESCO shall provide the Government with all maintenance schedules.

2.4.3. Scheduled Maintenance: Contractor personnel will contact the COR to schedule access to facilities in order to perform scheduled maintenance. Scheduled maintenance will normally occur during regular working hours. However, if equipment or system shut-down is planned, it will normally be scheduled for nights, weekends, or holidays.

2.4.4. **Unscheduled Repairs:** The Government will notify the ESCO of equipment or system breakdown and provide the priority of the repairs.

2.4.4.1. **Emergency and Urgent Repairs:** For repairs deemed "emergency" by the Government; meaning endangerment to life or property, the ESCO shall have repair personnel on-site within 2 hours. For repairs deemed "urgent" by the Government (meaning disruption of the Government workforce), the ESCO shall have repair personnel on-site within 4 hours. Repair work for both "emergency" and "urgent" repairs shall continue until completed, or the COR determines the repairs cannot be completed but the priority is reduced to routine. The Government reserves the right to take the actions necessary to protect life or property, or prevent disruption of the Government workforce in the absence of ESCO personnel. Government actions will normally not extend to alleviating or correcting the problem; however, the Government reserves the right to make the necessary repairs to correct urgent or emergency situations. The costs for such repairs shall be withheld from the next monthly payment to the ESCO. Disagreements over such withholdings shall be resolved under the Disputes provisions of this contract.

2.4.4.2. For repairs deemed routine by the Government, the ESCO shall have repair personnel on-site within 72 hours. Routine repairs shall be completed within 30 days of initial notification. Repair priorities may be upgraded by the Government from routine to urgent or emergency, if warranted by changing conditions. The ESCO shall be liable for payment of damages for losses resulting from a negligent failure to convert urgent or emergency work into a routine priority within 8 hours after arrival on site. For routine repairs, the Government may at its option, complete, or have completed, such repairs after waiting 30 days for ESCO personnel to complete the work. The costs for such repairs shall be withheld from the next monthly payment to the ESCO. Disagreements over such withholdings shall be resolved under the Disputes provisions of this contract.

2.4.5. **Measurement & Verification (M&V) Responsibilities:** The contractor's M&V responsibilities, and the methods that will be used to verify actual savings shall be established in each contract task order. If multiple methods are used, the applicable energy technologies for each M&V methodology shall be identified in the task order.

2.4.6 **Government Provided Assistance:** While it is mutually agreed and understood the Contractor retains the sole responsibility for the maintenance and performance of equipment that the Contractor has agreed to maintain for its account, the Government agrees to assist as in its best interests, to avoid energy demand spikes, a demand peak or such other event that would be detrimental to the overall mission. Hence, it is agreed that the Government has sole discretion to act to assist the Contractor, if so requested, in the example types of activities as follows:

- a. Reset hand-off automatic switches;
- b. Hand start engine/generator sets upon request by the Contractor, should the auto start equipment fail;

c. Override equipment start-stops schedules should Contractor not be able to perform such tasks via remote modem monitoring;

d. Other such actions as requested and expressly specified for the mutual benefit of the Contractor and the Government under this agreement, provided that no variable cost would accrue to the Government.

e. The Government does not guarantee that it will in fact provide the assistance requested. The Government will evaluate each request and provide the assistance as practicable and when in the Government's best interest.

In all such cases where Government intervention is undertaken at the request of the Contractor, the Contractor agrees to hold harmless and to indemnify the Government for any liability that may be incurred for damages to the Contractor's equipment or lost savings. No action or inaction taken by the Government under this paragraph will be subject to the Disputes Clause, FAR 52.233-1.

3.0. TRAINING: The ESCO or subcontractors shall provide equipment operation training for up to four Government personnel before the Government assumes maintenance responsibilities. For those ECMs which the Government will maintain immediately following completion of the Phase III - ECM Implementation installation portion of the work, this training will occur before the acceptance inspection. For those ECMs which the ESCO has maintenance responsibilities, this training will occur at completion of the contractor's performance period, but before the Government assumes maintenance responsibilities. Training plans shall be prepared and given to the Government upon completion of each training session.

4.0. DEFINITIONS: As used throughout this contract, the following terms have the meanings set forth below:

4.1. BASEWIDE, is defined as meaning all types of facilities for which a base is assigned energy management, maintenance and reporting responsibilities. This includes, but is not limited to: clinics and medical complex facilities, Morale, Welfare and Recreation (MWR) facilities, industrial, administrative, warehouse, aircraft hangers, chapels, dormitories and Military Family Housing (MFH).

4.2. CONTRACTOR. The term Contractor as used herein refers to both the ESCO as prime contractor, and any subcontractors. The ESCO shall be responsible for insuring that his subcontractors comply with the provisions of this contract.

4.3. ESCO or CONTRACTOR REPRESENTATIVE. A foreman, superintendent, or manager assigned in accordance with the contract clause entitled, '*Superintendence by Contractor*' (FAR 52.236-6).

4.4. **CONTRACTING OFFICER (CO).** Person(s) with the authority to enter into, administer, and/or terminate contracts.

4.5. **CONTRACTING OFFICER REPRESENTATIVE (COR).** Person(s) who works closely with the CO in the acquisition and administration of contracts and assumes certain functions delegated by the CO.

4.6. **ENERGY CONSERVATION MEASURE (ECM).** An initiative to improve the energy efficiency of a facility or group of facilities. For purposes of this contract a ECM is equivalent to a contract task order which may consist of a single ECP or multiple ECPs. ECMs shall not exceed a ten-year simple payback.

4.7. **ENERGY CONSERVATION PROJECT (ECP).** A project to retrofit or replace a single energy consuming system, i.e., exit lighting, warehouse lighting, office lighting, central heating and cooling, etc.. ECPs may be combined to form an energy conservation measure.

4.8. **TEN-YEAR PAYBACK:** A ten-year simple payback is defined as the contractor's capital investment cost divided by the annual guaranteed savings.

4.9 **PROCURING CONTRACTING OFFICER (PCO).** A person with authority to enter into, administer, and/or terminate contracts and make related determinations and findings.

4.10. Where "as directed," "as required," "as permitted," "approval," "acceptance" or words of similar import are used, it shall be understood that direction, requirement, permission, approval or acceptance of the CO is intended unless stated otherwise.